

## **LNF & IHCIF Calculations Illustration**

### **- St. Croix in Bemidji area -**

#### **Given Data**

- 1,455 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 28% = % Expenditures on purchased services, 72% = % expenditures in-house
- 111.3% = Cost index for purchasing health care in this geographic area
- 130.4% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

#### **Cost Adjustment Calculations**

- \$916 per person for purchased services =  $28\% * 111.3\% * \$2,980$
- \$2,813 per person for in-house services =  $72\% * 130.4\% * \$2,980$
- \$3,729 per person total = \$916 (purchase) + \$2,813 (in-house)
- **\$3,950 per person total** adjusted for health status =  $\$3,729 * 105.9\%$
- **\$3,205 per person net cost** =  $\$3,950 - \$745$  Other resources (M&M&PI)

#### **Existing Expenditures** (for 1,455 users excluding wrap-around and collections)

- \$792 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$940 per person for OU users** =  $\$792 + \$94 + \$54$

#### **LNF Calculation**

- **23.8% Gross LNF** =  $\$940$  (expenditures) /  $\$3,950$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **29.3% Net LNF** =  $\$940 / \$3,205$  net cost ( $\$3,950 - \$745$  other)

#### **IHCIF Allocation**

- \$1,429,646 = \$ to raise LNF% from 29.3% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$49,866 Allocation** =  $\$1,429,646$  needed for 60% \* 3.488% IHCIF fraction

#### **St. Croix Unmet Needs**

- **\$4,662,604 Net Total Need** = 1,455 users \* \$3,205 net cost
- **\$3,294,687 Net Unmet Need** =  $(100\% - 29.3\% \text{ LNF}) * 1,455 \text{ users} * \$3,205 \text{ net cost}$